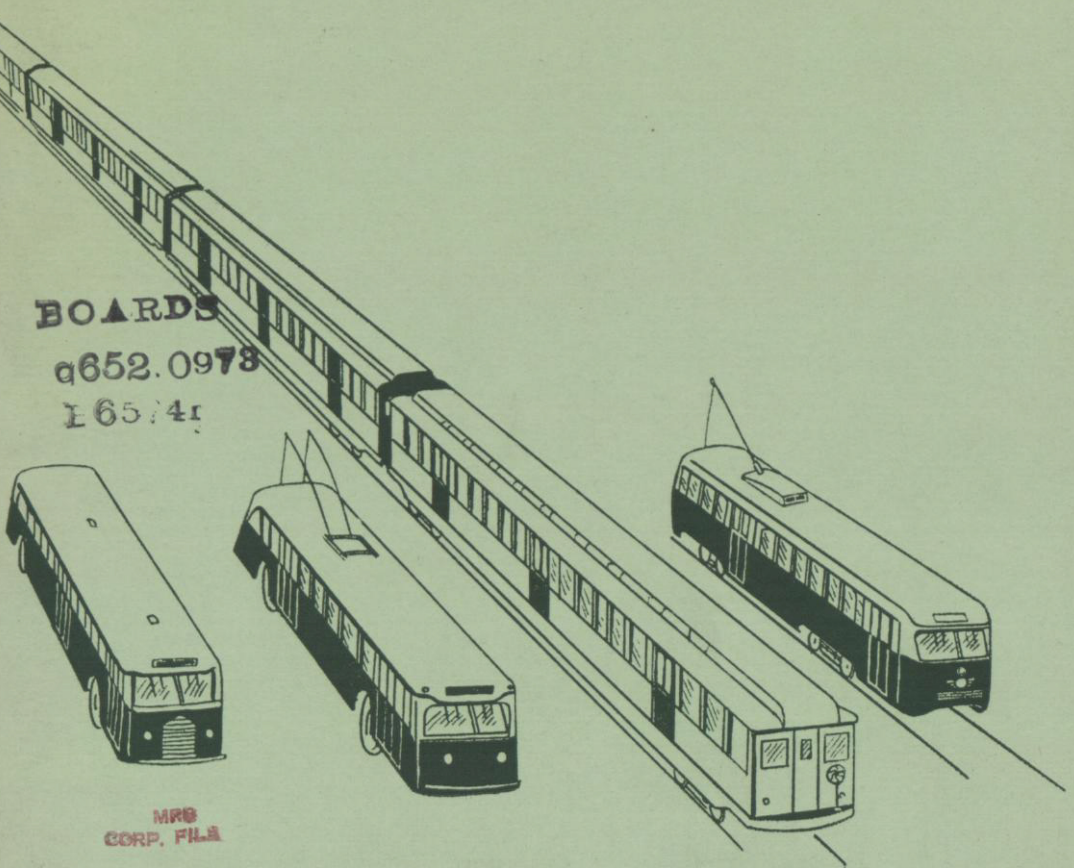


TWENTY-THIRD ANNUAL REPORT
OF THE
BOARD OF PUBLIC TRUSTEES
OF THE
BOSTON ELEVATED RAILWAY COMPANY
YEAR ENDED DECEMBER 31, 1941

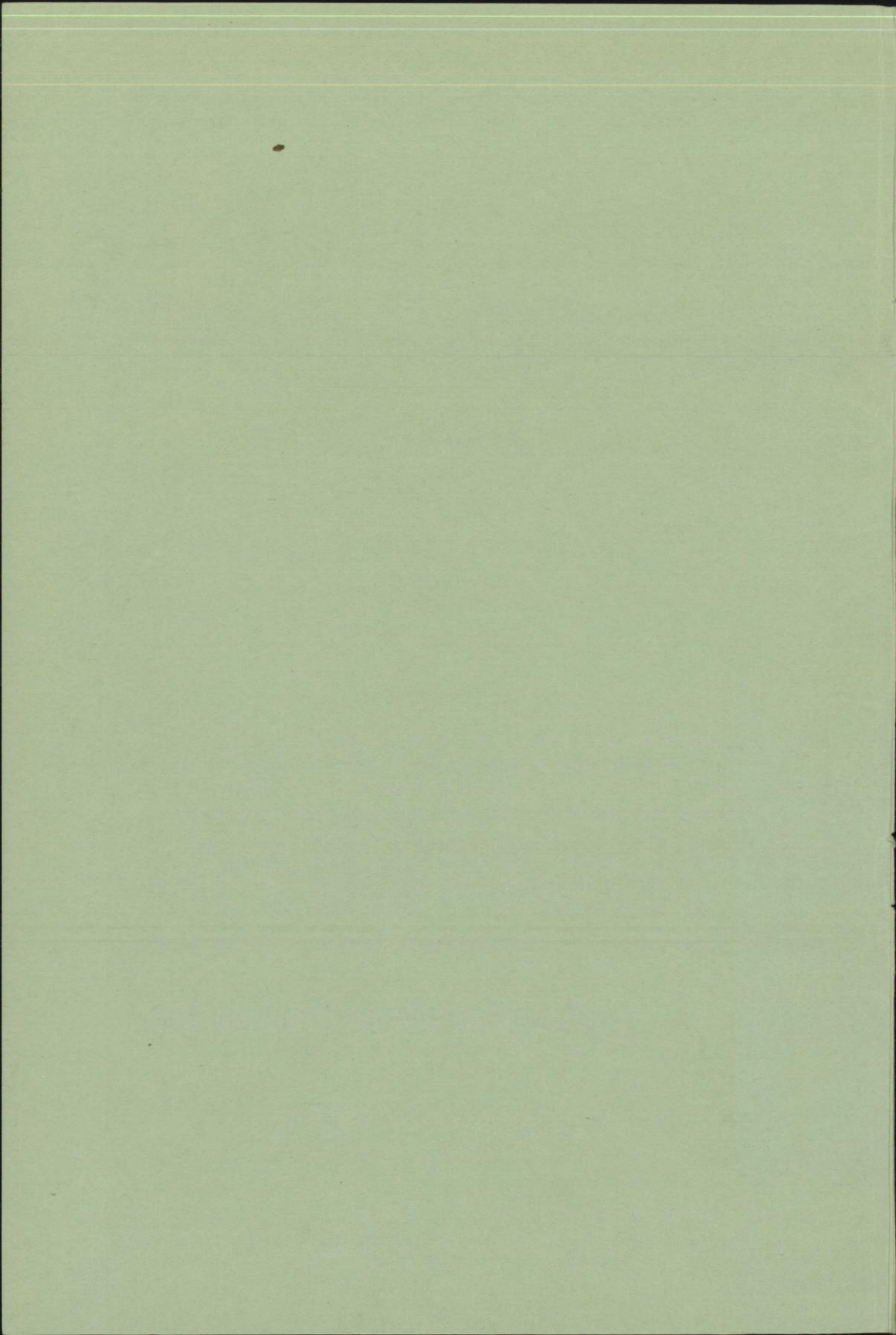
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TWENTY-THIRD
ANNUAL REPORT
OF THE
Board of Public Trustees
OF THE
**BOSTON ELEVATED RAILWAY
COMPANY**

Year Ended December 31, 1941

The information contained herein is not given in connection with any sale, offer for sale or solicitation of an offer to buy any securities.



BOARD OF PUBLIC TRUSTEES

(Appointed by the Governor of Massachusetts pursuant to Chapter 159
of the Special Acts of 1918)

EDWARD E. WHITING, *Chairman*

ERNEST A. JOHNSON

HENRY J. SMITH, *Secretary*

WILLIAM P. JOY

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JOHN H. MORAN *Vice-President and Treasurer*

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WILLIS B. DOWNEY *General Counsel*

MAURICE P. SPILLANE *General Claims Attorney*



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The 1941 Annual Report of the Board of Public Trustees of the Boston Elevated Railway Company

THE net result from operations of the Boston Elevated Railway for 1941 improved by \$1,007,917.75, or approximately 40 per cent., as compared with 1940.

In accordance with an act passed by the Legislature in 1941, the date upon which the deficit, if any, is determined was changed from March 31 to December 31. Consequently, the deficit of which the Treasurer and Receiver General of the Commonwealth was notified on January 28, 1942 was based upon the results of operation during the nine months' period from April 1 to December 31, 1941 and the amount was \$1,311,406.44.

The year 1941 was marked by the effects upon the railway of the defense effort of the nation which, in the last month of the year, became its war effort.

The manifold activities resulting from this defense and war work have been felt by the railway in several ways: By a considerable increase in the use of the railway's services. By the development of difficulties in obtaining certain equipment and supplies. By an increase in the wage cost, in taxes and in the costs of fuel and of almost all materials and supplies.

INCREASE IN RIDING

Preparations toward defense were reflected in the greater use of the railway's facilities from April of 1941. Prior to that time, the riding on the "El"—an excellent barometer of general activity locally—was about on a level with riding during prior comparable periods. In April, however, the level of riding curved definitely upward and thereafter maintained a sizable margin of improvement over the previous year.

For the year 1941 the number of revenue passengers was 306,815,525 as compared to 294,450,628 for 1940, an increase of 12,364,897, or 4.20 per cent.

The number of revenue passengers carried in 1941 was greater than in any year since 1931.

Fortunately, the increase in riding was not concentrated during the rush hours nor confined to the relatively few lines serving plants like the Navy Yard, the Army Base or the Watertown Arsenal, wherein there were intense defense activities, but was spread over the entire system and during all of the hours of operation. This diffusion of riding indicated anew the effects upon the business of the railway of a greater degree of employment, from whatever cause, and manifested itself in a number of ways: More riding to places of employment. More riding to shops. More riding to places of recreation. More riding for a variety of purposes.

Early we began to prepare for a greater volume of business than the "El" has had for some years. First, we reconditioned for operation 25 main line elevated, eight Cambridge-Dorchester subway and six East Boston tunnel cars, which were in storage. In addition, 19 elevated cars and 73 surface cars are now being reconditioned for future use.

Fifty new buses were delivered during 1941. Delivery of 35 additional buses is expected early in 1942. These new buses are for replacements of old ones which in normal times would be retired from service. Now, however, the old buses are being held in reserve for emergency use and because of delays in the delivery of new equipment.

In terms of miles of passenger service operated, the railway furnished in 1941 a total of 45,703,597 revenue miles as compared with 45,433,001 miles in 1940.

As to the capacity of the railway system, a question of much interest at this time, may we point out that the railway carried 371,218,401 passengers in 1926, as compared to 306,815,525 in 1941. Moreover, the railway carried 1,403,518 passengers on September 23, 1940, the day before American Legion Parade Day, and 1,114,635 on December 22, 1941, the busiest regular day in 1941, as compared with 965,550, the average number transported on a winter week day, and with 833,857, the average number carried on a summer week day in 1941.



TRACKLESS TROLLEYS LEAVING CLARENDON HILL CARHOUSE
FOR LECHMERE TERMINAL

Comparing the total number of passengers carried in 1926 with the total number carried in 1941, it is evident that there is a considerable margin of capacity on an annual basis. Nevertheless, there is at present a high "peak" of riding in the morning and in the afternoon rush hours. These "peaks" are becoming more acute. Because of this fact we believe that serious consideration should be given to the subject of "staggering" of hours of school attendance and of employment, particularly in Boston. A well planned system of "staggered" hours would result in lengthening somewhat the periods within which the large majority of riders go to and return from work and within which students go to high schools, thus enabling this railway to carry a considerably greater number of riders with the equipment available.

DIFFICULTIES IN OBTAINING CERTAIN EQUIPMENT AND SUPPLIES

Priorities have been placed in effect during the past year limiting the amount of materials which can be procured or can be used for operating supplies or for maintenance or repairs.

Delays have occurred in obtaining certain equipment and supplies and delays will undoubtedly continue to occur and will probably become more acute.

As the Government stipulates that various essential commodities are necessary for war and defense uses, substitutes for these materials will have to be found. Already steel has been substituted for aluminum in bus bodies. Doubtless there will be even greater difficulties in obtaining certain materials. In fact, the finding of suitable substitutes, although they may not be quite so attractive or serviceable as those materials which have been used, is a major problem of the present and one likely to become more serious in the future.

COST OF THE SERVICE

Under the Public Control Act, all expenses of the railway which determine the results of operation are called "the cost of the service." This cost of the service logically divides into two groups, the operating expenses and the fixed charges.

For the year just ended the total cost of the service increased \$142,299.11 and revenues increased \$1,150,216.86. Therefrom resulted the reduction of \$1,007,917.75 in the excess of cost of service over receipts for 1941 as compared to 1940, to which reference has already been made.

OPERATING EXPENSES

For the year 1941 operating expenses incurred in the operation and maintenance of the railway increased \$101,905.24.

These expenses may be classed under five headings, as follows: wages, fuel, depreciation, injuries and damages, and material and other items.

For the year 1941 as compared to 1940 the total wage cost increased \$304,429.20. By agreement, effective as of July 1, 1941, the wage rates of employees affiliated with Division 589 of the Amalgamated Association of Street, Electric Railway and Motor Coach Operators of America (Boston Carmen's Union) were increased five cents an hour. The wage rates of craft unions were also increased during the year, becoming effective at various dates according to agreements. There were also increases in the wages of unaffiliated employees. On an annual basis the total increase in wages effective in 1941 will be approximately \$820,000 for all employees.

For the year ended December 31, 1941 the cost of fuel increased \$100,710.98. In this item is included coal, gasoline and Diesel oil for buses. There was an increase in consumption of coal of 2,445 tons, which, together with its higher price, accounts for an increase of \$53,064.36 in the cost of coal consumed. In 1941 there were 190,086 fewer gallons of gasoline consumed and 112,809 more miles operated by gasoline driven buses. Because of the higher price, however, the cost of gasoline, exclusive of tax, increased by \$49,091.75 in 1941 as compared to 1940. There was a decrease of \$1,445.13 in the cost of Diesel oil used due to lesser consumption.

In the calendar year 1941 there was an increase of \$16,646.77 in the charge for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned. This increase arose entirely from the substitution of new buses and trackless trolleys, subject to depreciation, for vehicles which had been fully depreciated or retired.

Offsetting in large part the increases in operating expenses by reason of higher wage, fuel and other costs, discussed above, were decreases in the charge for injuries and damages and in the charge for material and other items.

For the year 1941 there was a decrease of \$184,020.42 in the charge to operating expenses for injuries and damages. This charge is based, in part, upon the estimated reserve that is necessary to be set aside for the payment of outstanding claims and suits.

For the 1941 calendar year, the charges for material and other items decreased \$135,861.29 as compared to the prior year. Included in the charges under this heading, among the larger items, are material and supplies used, certain costs for snow removal, insurance, pensions, rent, stationery and printing, and telephone service.

FIXED CHARGES

Fixed charges, for the calendar year 1941, totalled \$9,715,546.34. This was a net increase of \$37,415.58 which was due primarily to an increase of \$46,787.98 in taxes.

As the name implies, the fixed charges of the railway are relatively constant and are affected little by the amount or the character

of the service furnished. These fixed charges are divided under the following headings: interest, subway and rapid transit rentals, taxes, dividends (required by law) and rent of leased road.

Interest

The total interest charge in 1941 amounted to \$3,942,068.35. The Boston Metropolitan District was paid \$3,143,285.02 of this amount for interest on Elevated bonds held by the District. Of this interest payment the District used \$1,813,807.52 to retire the principal of bonds issued by it in order to provide funds for the purchase of Elevated bonds and used \$1,329,477.50 to pay interest on its own outstanding bonds. The remainder, \$798,783.33, of the total interest charge was the interest paid by the railway on its bonds held by the investing public.

The interest charge for 1941 was \$10,416.67 lower than the interest charge for 1940. This represents the savings for two months, November and December, resulting from refinancing through the Boston Metropolitan District of \$5,000,000 of Elevated bonds

HUNTINGTON AVENUE SUBWAY INCLINE AT OPERA PLACE



maturing on November 1, 1941. Because of the importance to the taxpayers of this use of the District's credit we state below, in detail, the action taken last year and its effects.

Acting on a recommendation of the trustees of the railway, the Legislature enacted at its last session Chapter 567 of the Acts of 1941, authorizing the Boston Metropolitan District to purchase \$16,456,000 principal amount of refunding bonds of the Boston Elevated Railway Company. This act is similar to several statutes passed since 1933 under which the District had acquired \$34,814,000 principal amount of Elevated refunding bonds. It was designed to accomplish the refunding at reasonable interest rates of Elevated bonds maturing as follows: \$5,000,000 on November 1, 1941; \$8,286,000 on December 1, 1942; \$2,600,000 on March 1, 1944; and \$570,000 on September 1, 1947.

Under authority granted by this act the Boston Metropolitan District on November 1, 1941 issued \$5,000,000 principal amount of 1¼ per cent. serial bonds maturing annually over a 25 year period and purchased a \$5,000,000 principal amount 25 year bond of the Boston Elevated Railway Company bearing interest at the rate of 3¼ per cent., which interest rate is, under the provisions of the act, two per cent. in excess of the interest rate on the District bonds issued to provide funds for the purchase.

The refunding operation on this single issue of bonds will result in a saving in the cost of the service to the Boston Elevated Railway Company of \$60,444.17 annually or of \$1,511,104.25 over the twenty-five year life of the bond. The savings are shown by the following table:

Cost of Service Saving to Boston Elevated Railway Company Arising out of Refunding of \$5,000,000 4½ % Bonds Maturing November 1, 1941

	Amount	Rate	Maturity	Annual Interest	Annual Discount and Expense	Total Annual Charges
Elevated Maturing Bonds	\$5,000,000	4½ %	Nov. 1, 1941	\$225,000	\$3,333.36	\$228,333.36
Elevated Refunding Bond	\$5,000,000	3¼ %	Nov. 1, 1966	\$162,500	\$5,389.19	\$167,889.19
Annual Cost of Service Saving		\$60,444.17		Saving over 25 Year Life of Bond		\$1,511,104.25

Not only will there be the savings in the cost of the service shown above, but the interest which the Elevated pays the District will provide funds during the 25-year period to retire nearly 60 per cent. of the principal amount of the District bonds while the District retains the Elevated bond outstanding in the full amount.

Subway and Rapid Transit Rentals

As a part of the cost of service, the sum of \$2,829,413.73 was accrued by the railway in 1941 for subway and rapid transit rentals payable to the City of Boston and to the Commonwealth of Massachusetts. In the calendar year the railway payments amounted to \$2,827,821.25. Of this amount, \$2,278,528.75 was used to pay interest on the bonds issued by the Commonwealth and by the City in order to provide for these facilities and \$549,292.50 was made available for the retirement of the principal of these bonds.

We call particular attention to the fact that out of the payments for interest and for subway and rapid transit rentals made by the railway during the year \$2,363,100.02 was made available for the retirement of public debt. This sum is 48 per cent. more than the operating loss of the railway for 1941 and it was divided as follows:

Boston Metropolitan District	
a/c retiring District bonds	\$1,813,807.52
City of Boston	
a/c retiring subway and rapid transit debt	458,112.50
Commonwealth of Massachusetts	
a/c retiring Cambridge subway debt	91,180.00
Total	\$2,363,100.02

Taxes

In 1941 taxes totalled \$1,704,286.19, an increase of \$46,787.98 over 1940. The following table shows the composition of the tax accruals in 1941:

Real estate and personal property taxes	\$830,028.77
(Paid to various municipalities in the area served)	
Social Security taxes	537,525.46
(For old age retirement and unemployment insurance)	
State and Federal gasoline and motor vehicle taxes	281,177.36
Miscellaneous taxes	55,554.60
Total	\$1,704,286.19

Dividends

Annually the trustees pay a fixed amount of \$1,193,970 for dividends as required by the Public Control Act.

Rent of Leased Road

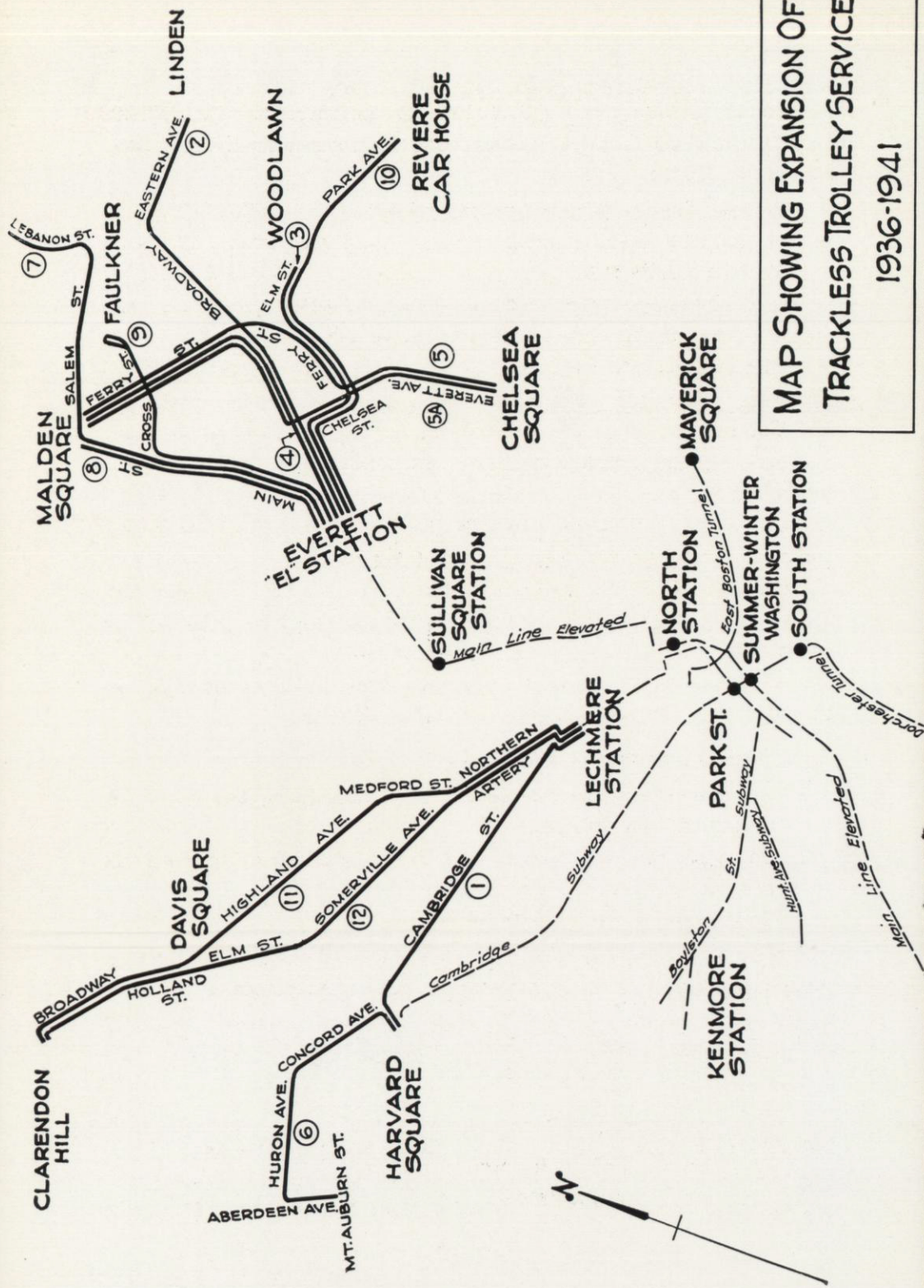
For the rental of surface car lines in West Roxbury and in the Middlesex Fells Reservation, which are owned by the Eastern Massachusetts Street Railway Company, and for the rental of lines in Hyde Park, which are owned by the City of Boston, the railway paid \$45,808.07 in 1941.

NON-PAYMENT OF DEFICIT

In accordance with the requirements of Section 11 of Chapter 159 of the Special Acts of 1918, as amended, and commonly referred to as the "Public Control Act", the public trustees of the Boston Elevated Railway Company today (January 28, 1942) certified to the Treasurer and Receiver General of the Commonwealth a deficit for the nine months' period ended December 31, 1941 in the sum of \$1,311,406.44.

The public trustees have repeatedly expressed the desire that all legal questions involving the accuracy of the determination of past deficits be speedily adjudicated by the Supreme Judicial Court to the

MAP SHOWING EXPANSION OF TRACKLESS TROLLEY SERVICE 1936-1941



end that this much publicized question be settled once and for all in the public interest. The length of time that may be consumed in the litigation which has just been instituted by the Attorney General is difficult to estimate.

At any time the failure to pay a deficit would be a serious matter in the operation of the railway. Now, when the railway is facing extraordinary conditions and expenditures as a result of the war, such non-payment of the deficit may become critical and affect the efficient operation of the railway and the service to the public.

The defense and war efforts have increased the demand for service, a demand which we have thus far met and which we will continue to try to meet. Under war conditions, expenditures of every character will face the railway in its effort to provide service, the demand for which has greatly increased following the restriction in the manufacture of private automobiles and tire rationing. Moreover, the railway may be called upon to aid in the evacuation of women and children and in the transportation of troops. The cost of protecting railway property and of providing effective blackout facilities will be substantial. All of these things cost money.

What can the trustees do to provide funds in the event of a continued withholding of the payment of the deficits?

There are only three ways open:

1. To attempt to increase revenues by increasing the rates for transportation services.
2. To attempt to save money by a drastic curtailment of existing services or by a reduction in wages.
3. To borrow money for current expenses.

An increase in the rates for transportation services might be tried, but a reduction in wages would be inadvisable, if not impossible, under present conditions and a drastic curtailment of services would be unwarranted and would seriously hamper the war effort in this community.

With respect to borrowing of money, the Public Control Act provides that pending payment of a deficit it shall be the **duty** of the trustees to borrow such amount of money as may be necessary to enable them to make all payments as they become due. If money

should be borrowed, the cost of the service would be increased by the amount of the interest on the borrowed money.

Pending approval by the Governor and Executive Council of the warrant for payment of the deficit for the year ended March 31, 1941, the Commissioner of Corporations and Taxation of the Commonwealth of Massachusetts instructed the cities and towns in the area served by the railway to include the deficit liability in their tax rates and not to spend the money thus raised for other purposes.

No additional financial burden, therefore, would be imposed upon the cities and towns served if the current deficits were paid under some arrangement that would afford adequate protection to the rights of the Commonwealth and of the cities and towns in the litigation which has just been started.

Under all of the circumstances discussed above, we believe that the deficits should be paid after agreement of the parties in interest that such payments shall be made without prejudice, thus leaving the way open, when legal proceedings are finally disposed of, for adjustments, if any, that may be required by court decision.

The deficit for the 12 months ended March 31, 1941 amounted to \$2,341,167.29 and for the nine months ended December 31, 1941 to \$1,311,406.44, or a total of \$3,652,573.73.

It seems to us that a vital transportation system serving the most important metropolitan area in the Commonwealth of Massachusetts and performing a greater and greater part of the job of transporting the public should not be unnecessarily hampered in its operations when the nation is at war.

WAR EMERGENCY PREPARATIONS

Naturally, by virtue of the nature of its business, the railway possesses facilities to cope with emergency conditions. One of the important functions of a mass transportation system is to be prepared to meet emergencies like wrecks, explosions, fires, floods and snow blockades.

War conditions, subjecting a vast transit system to the effects of attack, may impose even greater burdens. As has been the case in European cities, experience under war conditions will teach us here

what adjustments and modifications must be made to gear our emergency procedure to war conditions.

The railway's personnel and equipment are required for the important work of providing transportation for those engaged in defense and war work and for the general public. Especially during and after an air raid or other emergency, the railway's full complement of men and equipment would be needed for immediate action in order to restore services as speedily as possible.

For years the railway has been taking precautions against fire and has developed measures for its control. Much of the railway property is protected by sprinkler systems. Inspection of railway premises by insurance associations is made at regular intervals. Periodically, fire fighting squads hold drills at shops, garages, car-houses, yards and loops. At the request and under the observation of fire insurance associations, twice a year, suddenly and without warning, these squads are required to hold drills. At such times the procedure followed is identical to the one which would be followed in the event of an actual fire, even to the extent of turning on the water.

**FREE AUTOMOBILE PARKING AREA FOR "EL" PATRONS OPPOSITE
LECHMERE TERMINAL, EAST CAMBRIDGE**



Emergency trucks, wrecking trucks and cars equipped with cranes, and portable wrecking equipment for emergency uses are kept in good operating condition. Men long experienced and trained in the use of this equipment are ready for whatever new emergencies may arise. Together with other vehicles in Region 5 (generally the Boston Metropolitan area), the railway's fleet of buses has been regimented for speedy use in evacuation proceedings or for such other uses as may be required by the military authorities.

The railway and its emergency facilities have been closely incorporated in the plans for civilian defense made by the Massachusetts Committee on Public Safety, the Committee on Public Safety of the City of Boston and in the plans formulated by the authorities in outlining cities and towns wherein, of course, there is less railway property than in Boston.

The regulations formulated by the railway regarding blackouts and air raids were approved on January 23, 1942 by the Massachusetts Committee on Public Safety.

The railway management is fully aware that the war may present emergencies of a new and extremely difficult nature. Much time and study have been and are being given to setting up methods and procedures to meet such emergencies. Key men have attended lectures to keep abreast of the instructions being given by the various safety committees. Regular meetings of the railway staff are held for the purpose of formulating plans to the end that the railway will be as well prepared as possible to meet whatever emergencies may arise.

POWER

In a letter dated May 13, 1941, the Boston Edison Company offered to purchase the two power generating plants of the Boston Elevated Railway for \$7,400,000 plus the value of material and supplies on hand at the railway's cost, and to sell power to the railway on a long term contract, the price of which power, based on fuel costs and other conditions as of 1940, would be 7.6 mills per K.W.H.

After thorough consideration of this offer, we wrote to the State Department of Public Utilities on May 28, 1941, saying that we had

on that day voted unanimously to reject the offer of the Boston Edison Company on the grounds that "the proposed sale would not be in the public interest," stating the reasons for our conclusion.

Late in 1941 the presidents of both companies held several conferences for the purpose of discussing the sale to the Boston Edison Company of such power as the railway can generate in excess of its own needs.

The two companies are now engaged in a joint study to determine the extent of the railway's spare generating capacity and the expense and time necessary to make this surplus power available for sale to the Boston Edison Company.

EMPLOYEES

Leave of Absence for Service in Armed Forces

During the last two years a number of employees from various departments of the railway were granted a leave of absence for service in the military or naval forces of the United States. In the table below we show the number who have entered the various services in these two years:

	1941	1940
U. S. Army	25	3
U. S. Marine Corps		2
U. S. Navy	6	1
Coast Guard	2	
	—	—
	33	6
Total		39

Reduction in Collision Accidents

During the year just ended, as compared with the prior year, the number of collision accidents was reduced by 218 or 4.55 per cent. On a comparable revenue passenger mileage basis the reduction in 1941 as compared with 1940 was 4.71 per cent. In view of the greater number of motor vehicle registrations, the increased traffic

congestion and the increase in the railway's mileage, we believe that the accident record for 1941 was creditable.

For the first time since 1935 the railway is again eligible and will compete for a national safety award on the basis of the collision accident record for 1941. The railway had been barred from competing for this award for five years because of the large number of awards, five in number, that the Elevated had won.

During 1941, posters were displayed every month in the car-houses and garages picturing the most frequent type of collision accidents, informing the transportation employees of the progress made and stimulating them to greater efforts. During the first six months of the year letters were sent to transportation employees who had been concerned in a collision accident, urging them to exercise greater care in operation in order to prevent the recurrence of such accidents.

Employee Training

Training of employees in matters of safety, good operating methods, courtesy, neatness of appearance and ability to furnish information to the public have been subjects of a long-term program. The railway's supervisory officials seek to maintain the transportation employees on a high level of efficiency with respect to the above named qualifications. Re-instruction and special training of individual operators, whenever found necessary, is a feature of the program. Another method of employee training is the mailing to the homes of "Co-operation," published quarterly, wherein is printed all matters of interest relating to the operation of the railway, including personnel matters. Moreover, last year there were mailed to employees' homes a letter on the preparations of the railway incidental to the increase in riding arising from the defense activity and a pamphlet on safe operation.

Physical Examination of Transportation Employees

From 1928 until January 1, 1941, a physical examination was required of transportation employees 40 years of age or older, engaged in car, bus or train service, except that rapid transit motormen were

examined annually regardless of age, and except, furthermore, that any employees showing any tendency to physical defects were re-examined as frequently as the examining physician considered necessary.

Since January 1, 1941 all transportation employees engaged in car, bus or train service, regardless of age, must undergo an annual physical examination, and, as in the past, any such employees with physical defects are examined as frequently as is necessary.

During 1941 there were 4,097 physical examinations conducted at the Sullivan Square clinic as compared with 3,279 during 1940.

"Merit Plan" of Employee Selection

In order to fill vacancies caused by employees leaving the service for various reasons and to provide for increased service 227 men were engaged in 1941 as operators for the surface lines service.

These men and all other new operators engaged since late 1939 have been employed in order of ranking from a list of 675 men established on December 15, 1939 following written, oral and physical examinations under a "merit plan" method of employee selection.

In view of present conditions, plans are now in the making to conduct another series of examinations preparatory to establishing a supplementary list.

CHARTERED BUS BUSINESS

The year 1941 was the best in the history of the chartered bus business of this railway. The increase can be attributed to the greater activity in the area served and to a demand for chartered services in connection with national defense.

The tabulation below shows the volume of this business in the last four years:

	1941	1940	1939	1938
Revenue	\$123,978.55	\$109,385.70	\$118,082.85	\$81,681.70
Revenue Mileage	178,846	158,188	167,685	114,706
Number of Orders	7,066	7,146	6,953	5,347
Number of Buses	9,949	9,517	9,607	6,970

SERVICE, EQUIPMENT AND PLANT CHANGES

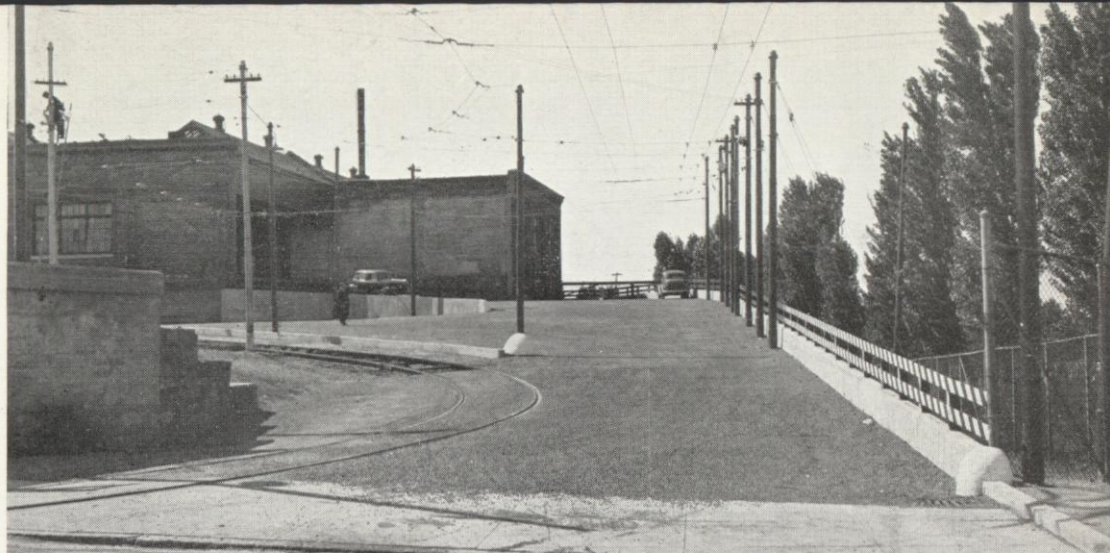
Extension of Trackless Trolley Service

In the period of five and a half years, from April 11, 1936 to November 8, 1941, trackless trolley service has been expanded from a single line to 12 lines, serving in whole or in part six communities to the north of Boston. As of the end of 1941, the railway had 132 trackless trolleys, furnished service over almost 27 miles of street, and during that year operated 2,320,742 miles of trackless trolley service.

The plan opposite page 15 shows the extension of the trackless trolley service from 1936 to the present. The table below lists the existing lines and the date when service was started thereon.

<i>Route</i>	<i>Date Service Began</i>
1. Bennett street (Harvard square)—Lechmere terminal, via Cambridge st.	April 11, 1936
2. Linden-Everett "El" station, via Eastern ave., Broadway	January 9, 1937
3. Woodlawn-Everett "El" station, via Elm st., Ferry st., Chelsea st., Broadway	June 19, 1937
4. Malden square-Everett "El" station, via Ferry st., Broadway	September 11, 1937
5. Malden square-Chelsea square, via Ferry st., Broadway, Everett sq., Chelsea st., Everett ave., and via Ferry st., Chelsea st., Everett ave.	December 11, 1937
6. Aberdeen avenue and Mt. Auburn street—Harvard station (Bennett street), via Aberdeen ave., Huron ave., Concord ave., Garden st.	April 2, 1938
7. Lebanon street-Everett "El" station, via Lebanon st., Salem st., Malden sq., Main st., Broadway	December 31, 1938
8. Malden square-Everett "El" station, via Main st., Broadway	December 31, 1938
9. Faulkner-Everett "El" station, via Bryant st., Cross st., Main st., Broadway	June 17, 1939
10. Revere carhouse-Everett "El" station, via Park ave., Elm st., Ferry st., Chelsea st., Broadway	September 7, 1940
11. Clarendon Hill carhouse-Lechmere terminal, via Broadway, Holland st., Highland ave., Medford st., Somerville ave., Bridge st.	November 8, 1941
12. Clarendon Hill carhouse-Lechmere terminal, via Broadway, Holland st., Elm st., Somerville ave., Bridge st.	November 8, 1941

In connection with the establishment of the last two trackless trolley lines listed above, alterations were necessary at the Clarendon Hill carhouse to provide for the inspection and repairs of the 35 trackless trolleys required for the operation of these two lines.



**NEW ENTRANCE DRIVEWAY AND RAMP LEADING TO CLARENDON
HILL CARHOUSE FOR USE OF TRACKLESS TROLLEY**

An entrance driveway and ramp from Broadway to the rear of the carhouse was built, which involved the construction of a high reinforced concrete wall to hold the fill, and paved driveways were provided alongside and in front of the carhouse.

At the Lechmere terminal, two trucks were removed and the area paved and other changes were made in order to provide suitable operating conditions.

Changes in Bus Service

A bus line between Norway street and Park square via Huntington avenue and Boylston street began operation on September 10, 1941 and its outer terminal was extended to Brigham Circle on October 4, 1941.

The bus line operating between Boylston and Hammond streets and Boylston and Lee streets, Brookline, was extended to Cleveland Circle via Chestnut Hill avenue on December 13, 1941. The route license granted by the local authorities stipulated that no buses shall take on or discharge passengers on Chestnut Hill avenue, Brookline.

New Cars on the Newton-Brighton-Watertown line

Since March 3, 1941, the 20 new surface cars known as the Presidents' Conference Committee or P.C.C. cars, described in our report for the calendar year 1940, have been in service on the Newton-

Brighton-Watertown line operating between Watertown station near Watertown square and the Park street subway station.

These cars were well received by the riders.

Opening of the Huntington Avenue Subway

The new Huntington avenue subway, built by the Transit Department of the City of Boston, was opened on February 16, 1941. This improvement, discussed at some length in last year's report, has provided a faster service to commuters using the Huntington avenue lines. The riding and, consequently, the amount of service furnished on these lines have increased considerably.

Bus Platform at Maverick Square

On the street level at Maverick square the Transit Department of the City of Boston built a wider platform with a canopy over it and provided a well lighted area for the transfer of passengers between the Maverick square terminal of the East Boston tunnel and the buses of a local carrier serving Winthrop.

Automobile Parking Areas

Free for "El" patrons, one new parking area was opened and an existing area enlarged during 1941.

The new area, with a capacity of almost 350 automobiles and located at Cambridge and First streets, East Cambridge, opposite the Lechmere terminal, was opened on April 23, 1941.

The parking area on River street, Mattapan, directly adjacent to the terminal of the high speed trolley line at Mattapan station was enlarged from a capacity of 120 automobiles to a capacity of more than 300 automobiles. This greater capacity was made available on December 11, 1941.

In conjunction with the enlargement of the Mattapan parking area, the bus loading platform at the station was lengthened and the busway adjacent to this platform widened and a new busway built leading to River street, improvements that have been needed for some time.

Changes in Street Car Reservations

In conjunction with repaving work by the City of Boston, the street car reservation on Blue Hill avenue from north of Charlotte street to north of Columbia road was removed and the car tracks re-located from the Franklin Park side to the center of the street. A concrete platform was built between the two tracks.

The physical connection between the tracks on Columbia road and Blue Hill avenue was discontinued. At the end of the Columbia road reservation adjacent to Blue Hill avenue double crossovers were installed for switching cars from one track to the other for the return journey. At the end of the Columbia road reservation a platform was built for passengers to board and alight from cars.

Albany Street Garage

With entrances from either Albany street or Harrison avenue, a garage with a storage capacity of 32 buses was completed on May 6, 1941. This garage has a separate area for the inspection and re-



ENTRANCE TO ALBANY STREET GARAGE FROM HARRISON AVENUE

pair of buses, trucks and automobiles and a service room for the fueling and lubrication of vehicles. It has also lobby and storeroom facilities.

CONCLUSION

As can be seen from a reading of this report, the operation of this vast railway system was materially affected by the defense effort, which became a total war effort. We are marshalling all of our resources to meet any additional requirements that may arise as the war progresses. A much greater demand is likely to develop for transportation services. We can take care of this demand if not prevented from so doing by such an obstacle as continued non-payment of deficits, which is discussed earlier in this report.

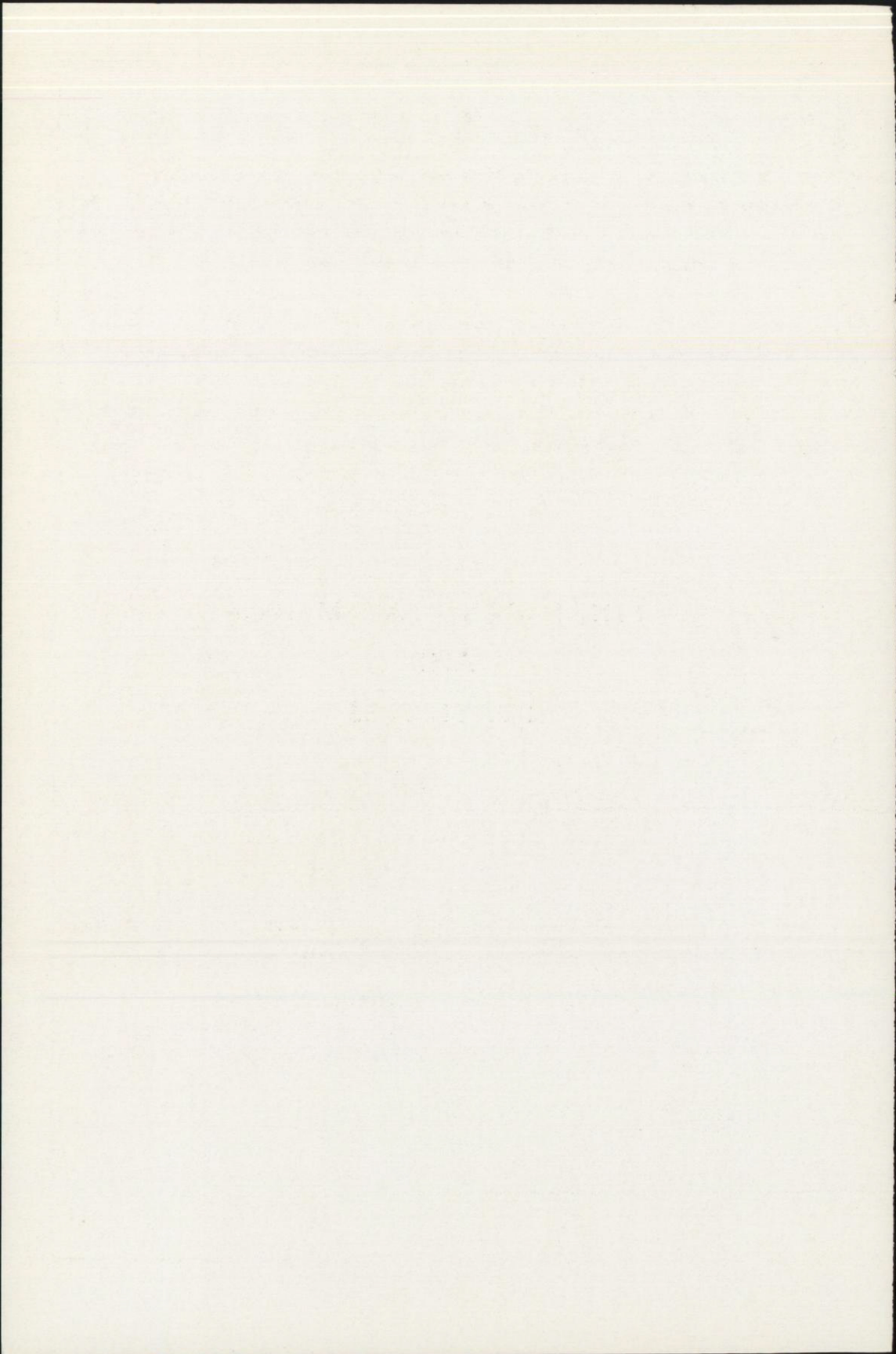
The net result from operations was improved during 1941. In view of the uncertainties of the future, the course of the riding and the cost of furnishing the service are unpredictable. We shall continue to do our utmost to meet the requirements of the riding public and to keep the cost of the service as low as is possible.

BOARD OF PUBLIC TRUSTEES, BOSTON ELEVATED RAILWAY COMPANY

<u>Edward E. Eustis</u>	Chairman
<u>Henry J. Smith</u>	Secretary
<u>Ernest A. Johnson</u>	
<u>William P. Fox</u>	
<u>Patrick J. Walsh</u>	

January 28, 1942

**FINANCIAL STATEMENTS
AND
STATISTICS**



Lybrand, Ross Bros. & Montgomery

BOSTON, MASSACHUSETTS

To the Board of Public Trustees of
Boston Elevated Railway Company,
Boston, Massachusetts.

We have examined the balance sheet of the Boston Elevated Railway Company as of December 31, 1941, and the accompanying statements of income and of cost of service deficit for the twelve months then ended, have reviewed the system of internal control and the accounting procedures of the company and have examined or tested accounting records of the company and other supporting evidence, by methods and to the extent we deemed appropriate. In accordance with accepted audit procedure, we made an examination in detail of such portion of the transactions as we deemed appropriate and no limitation as to the scope of our examination was placed upon us by the Board of Public Trustees or officials of the company.

In our opinion, the provision for depreciation of road and equipment in the year 1941 charged to cost of service as shown in the accompanying schedule of operating expense accounts is fair and reasonable, but the amount accrued in the reserve for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned, appearing in the accompanying balance sheet, is inadequate.

Reference is made to balance sheet note B with respect to federal income taxes in litigation. We are unable, at this time, to form an opinion as to the ultimate liability, if any, for federal income taxes for the years 1933 through 1940.

In our opinion, subject to the comments in the preceding two paragraphs, the accompanying balance sheet and related statements of income and of cost of service deficit present fairly the position of the Boston Elevated Railway Company at December 31, 1941, and the results of its operations under public control for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Boston, Massachusetts
January 28, 1942

Lybrand, Ross Bros. & Montgomery

BALANCE

DECEMBER 31,

ASSETS

	December 31	
	1941	1940
Fixed assets:		
Road and equipment:		
Way and structures	\$ 60,948,149.83	\$ 61,161,572.57
Equipment	31,909,641.49	30,746,971.22
Power	15,608,358.84	15,570,649.14
General and miscellaneous	1,972,733.17	1,972,733.17
Unfinished construction	36,542.64	146,878.90
Total road and equipment	\$110,475,425.97	\$109,598,805.00
(Note A, page 32)		
Miscellaneous physical property	688,978.14	688,978.14
Advances for road and equipment on leased roads—Eastern Massachusetts Street Railway Company	232,455.28	232,455.28
Total fixed assets	\$111,396,859.39	\$110,520,238.42
Current assets:		
Cash in banks and on hand	\$ 3,396,967.08	\$ 4,972,994.90
Special deposits	352,649.99	348,673.88
Miscellaneous accounts and rents receivable	413,019.96	541,139.23
Material and supplies	2,574,653.48	2,049,333.41
Other current assets	37,240.00	39,180.00
Total current assets	\$ 6,774,530.51	\$ 7,951,321.42
Other investments—mortgage notes receivable	\$ 100,000.00	\$ 112,000.00
Deferred charges and unadjusted debits:		
Prepaid expenses	\$ 108,202.07	\$ 117,623.00
Unamortized discount on bonds	1,102,386.86	1,041,085.38
Other unadjusted debits	98,752.85	71,955.65
Total deferred charges and unadjusted debits	\$ 1,309,341.78	\$ 1,230,664.03
TOTAL ASSETS	<u>\$119,580,731.68</u>	<u>\$119,814,223.87</u>

For Balance Sheet notes see page 32.

SHEET

1941 AND 1940

LIABILITIES

	December 31	
	1941	1940
Funded debt (per schedule, page 42):		
Bonds held by Boston Metropolitan District	\$ 64,744,917.00	\$ 59,744,917.00
Bonds held by others:		
Not due within one year	3,170,000.00	11,456,000.00
Due within one year	8,286,000.00	5,000,000.00
Total funded debt	<u>\$ 76,200,917.00</u>	<u>\$ 76,200,917.00</u>
Current liabilities:		
Accounts and wages payable	\$ 748,060.84	\$ 613,689.08
Accrued interest, dividends and rents payable	1,356,355.58	1,365,548.26
Accrued taxes	184,310.29	165,690.52
Unredeemed tickets	36,372.46	52,743.92
Other current liabilities	53,388.23	41,659.56
Total current liabilities, exclusive of bonds due within one year shown above	<u>\$ 2,378,487.40</u>	<u>\$ 2,239,331.34</u>
Reserve for depreciation of property and for obsolescence and losses in respect to property sold, destroyed or abandoned (note A—page 32)	\$ 18,006,934.07	\$ 16,821,801.67
Reserve for injuries and damages	\$ 952,409.38	\$ 1,055,492.57
Unadjusted credits:		
Unamortized premium on bonds	\$ 8,554.08	\$ 12,480.60
Suspense credit pending settlement of prior year taxes (note B, page 32).....	427,236.97	438,061.70
Other unadjusted credits	112,771.31	119,212.98
Total unadjusted credits	<u>\$ 548,562.36</u>	<u>\$ 569,755.28</u>
Capital stock (per schedule, page 42):		
Common stock (238,794 shares of \$100.00 par value each)	\$ 23,879,400.00	\$ 23,879,400.00
Premium on common stock	2,707,428.13	2,707,428.13
Total common stock and premium	<u>\$ 26,586,828.13</u>	<u>\$ 26,586,828.13</u>
Profit and loss and surplus accounts:		
Deficit prior to July 1, 1918	\$ 12,127.83*	\$ 12,127.83*
Deficit year ended June 30, 1931	1,969,473.12*	1,969,473.12*
Cost of service deficit (notes B and C, page 32):		
Nine months ended December 31, 1940	—	2,219,069.19*
Year ended March 31, 1941	2,341,167.29*	—
Nine months ended December 31, 1941	1,311,406.44*	—
Surplus arising from consolidation with West End Street Railway Co. June 10, 1922 and reorganization July 1, 1931....	540,768.02	540,768.02
Total profit and loss and surplus accounts (debit)	<u>\$ 5,093,406.66*</u>	<u>\$ 3,659,902.12*</u>
TOTAL LIABILITIES	<u>\$119,580,731.68</u>	<u>\$119,814,223.87</u>

* Denotes debit balance.

BALANCE SHEET NOTES

Note A—Atlantic Avenue Elevated Structures

As a result of a decision rendered January 9, 1942 by the Supreme Judicial Court of Massachusetts the company is required to remove the Atlantic Avenue elevated structure. It is estimated that the recording of the retirement of this property in 1942 will result in reduction of the account "Road and Equipment" by approximately \$5,000,000 and in reduction by a like sum of the account "Reserve for Depreciation of Property and for obsolescence and losses in respect to property sold, destroyed or abandoned."

Note B—Federal Income Tax Liability

Under an opinion of the United States Board of Tax Appeals rendered December 9, 1941, the company was held liable for federal income taxes for the calendar years 1933 to 1938, inclusive. The Trustees deny any liability with respect to such taxes and an appeal is being taken from this decision. Federal income taxes for the years 1933 through 1940, estimated on the basis of the Board of Tax Appeals decision, with interest to December 31, 1941, exceed by approximately \$930,000 the amount of \$427,236.97 which has been reserved and is shown in the balance sheet against the caption "Suspense credit pending settlement of prior year taxes." It is believed by the Trustees that no liability has been incurred for federal income taxes for the calendar year 1941.

Note C—Advances by the Commonwealth under Public Control Act

Amounts advanced by Commonwealth of Massachusetts to the Boston Elevated Railway Company for deficits in cost of service (July 1, 1931 to March 31, 1940) total \$18,604,378.29 December 31, 1941. Under certain conditions as provided in Section 11 of the Public Control Act, as amended, if the company should have an excess of income over cost of service it will be obligated to make repayments to the Commonwealth on account of the amounts so advanced.

Under authority of Legislative Resolve of 1941 the Massachusetts Department of Public Utilities is authorized under the direction of the Attorney General to bring legal proceedings to challenge the propriety of the methods used by the Trustees in determining deficits under the terms of the Public Control Act. In the meantime, payment to the company of the amount of deficit for the twelve months ended March 31, 1941 (\$2,341,167.29 as certified to the Commonwealth by the Board of Trustees) has been withheld by the Commonwealth.

STATEMENT OF COST OF SERVICE DEFICIT

Year Ended December 31, 1941

Balance January 1, 1941		\$2,219,069.19
Operating loss for year per accompanying income statement	\$1,593,756.96	
Less net credits direct to cost of service deficit not reflected in the income statement	160,252.42	1,433,504.54
Balance December 31, 1941		<u>\$3,652,573.73</u>

This balance is shown on the balance sheet as follows:

Deficit for year ended March 31, 1941	\$2,341,167.29
Deficit for nine months ended December 31, 1941.....	\$1,311,406.44

INCOME STATEMENT

	Years Ended December 31	
	1941	1940
Operating Revenue:		
Passenger Revenue	\$26,910,810.73	\$25,716,456.79
Special Car and Special Bus Revenue	126,072.95	111,144.00
Total Revenue from Transportation	\$27,036,883.68	\$25,827,600.79
Station and Car Privileges	\$ 452,334.50	\$ 473,789.07
Rent of Buildings and Other Property	74,077.97	77,792.77
Power Sales	19,543.60	43,153.55
Other Operating Revenue	374.05	625.27
Total Revenue from Other Operations	\$ 546,330.12	\$ 595,360.66
Total Operating Revenue	\$27,583,213.80	\$26,422,961.45
Operating Expenses:		
Way and Structures	\$ 2,965,779.14	\$ 3,105,087.84
Equipment	3,217,070.09	3,206,573.34
Power	1,850,733.36	1,722,674.78
Conducting Transportation	8,887,682.62	8,623,510.93
Traffic	36,348.27	25,275.24
General and Miscellaneous	2,453,090.65	2,611,967.71
Transportation for Investment (credit)	23,341.98	9,632.93
Total Operating Expenses	\$19,387,362.15	\$19,285,456.91
(Including Depreciation \$2,174,356.45 in 1941 and \$2,157,709.68 in 1940)		
Operating Income Before Taxes	\$ 8,195,851.65	\$ 7,137,504.54
Taxes Assignable to Operations:		
Federal (no income tax included)	\$ 647,394.59	\$ 602,218.02
State and Municipal	1,056,891.60	1,055,280.19
Total Taxes Assignable to Operations	\$ 1,704,286.19	\$ 1,657,498.21
Operating Income	\$ 6,491,565.46	\$ 5,480,006.33
Non-Operating Income	\$ 10,301.01	\$ 20,336.50
Gross Income	\$ 6,501,866.47	\$ 5,500,342.83
Deductions from Gross Income:		
Interest on Funded Debt	\$ 3,942,068.35	\$ 3,952,485.02
Amortization of Discount on Funded Debt	73,428.21	73,085.88
Subway and Rapid Transit Line Rental	2,829,413.73	2,828,570.46
Dividends (required by law)	1,193,970.00	1,193,970.00
Rent for Leased Roads	45,808.07	45,607.07
Other deductions	10,935.07	8,299.11
Total Deductions from Gross Income	\$ 8,095,623.43	\$ 8,102,017.54
Operating Loss for Year	\$ 1,593,756.96*	\$ 2,601,674.71*

* Debit

OPERATING EXPENSE ACCOUNTS

Years Ended December 31

	1941	1940
Way and Structures:		
Superintendence of Way and Structures	\$ 283,764.84	\$ 278,357.77
Maintenance of Track and Roadway	930,152.93	932,392.26
Removal of Snow and Ice	215,682.20	322,660.60
Tunnels and Subways	21,144.80	27,606.59
Elevated Structures and Foundations	52,177.63	62,965.12
Bridges, Trestles and Culverts	13,737.12	8,613.62
Crossings, Fences and Signs	10,923.53	8,372.54
Signals and Interlocking Apparatus	28,102.67	24,509.13
Telephone and Telegraph Lines	6,420.01	6,184.54
Other Miscellaneous Way Expenses	40,178.93	36,881.28
Maintenance of Electric Line Equipment	210,065.40	250,004.32
Maintenance of Buildings, Fixtures and Grounds	404,629.08	413,340.07
Depreciation of Way and Structures	748,800.00	733,200.00
Total Way and Structures	\$2,965,779.14	\$3,105,087.84
Equipment:		
Superintendence of Equipment	\$ 105,816.43	\$ 110,874.94
Maintenance of Revenue Equipment	1,233,666.02	1,214,766.80
Maintenance of Rail Service Equipment	18,768.02	25,065.86
Elec. Equip. Maint. of Revenue Equipment	337,513.65	329,203.87
Shop Equipment	52,579.36	56,560.02
Shop Expenses	263,303.73	262,562.52
Miscellaneous Equip. (Autos, Trucks and Tractors)	60,666.43	63,829.65
Depreciation of Equipment	530,400.00	546,000.00
Depreciation of Buses and Trackless Trolleys	614,356.45	597,709.68
Total Equipment	\$3,217,070.09	\$3,206,573.34
Power:		
Superintendence of Power	\$ 90,821.79	\$ 88,207.30
Maintenance of Power Plant Bldgs. and Equipment	165,876.66	145,779.35
Depreciation of Power Plant Bldgs. and Equipment	280,800.00	280,800.00
Operation of Power Plants	1,023,193.48	965,493.32
Gasoline and Fuel Oil for Buses	290,041.43	242,394.81
Total Power	\$1,850,733.36	\$1,722,674.78

OPERATING EXPENSE ACCOUNTS (Concluded)

	Years Ended December 31	
	<u>1941</u>	<u>1940</u>
Conducting Transportation:		
Superintendence of Transportation	\$ 1,185,778.53	\$ 1,133,202.73
Pass. Car, Trainmen and Bus Operators	5,148,110.77	5,014,516.81
Misc. Car and Bus Service Employes	186,060.24	186,027.43
Misc. Car and Bus Service Expenses	112,547.91	111,205.30
Station Employes	696,182.43	648,127.41
Station Expenses	208,258.51	204,359.22
Car House and Bus Garage Employes	813,030.07	779,403.95
Car House and Bus Garage Expenses	94,786.02	95,419.50
Operation of Signal and Interlocking Apparatus	230,468.49	228,745.23
Operation of Telephone & Telegraph Lines....	14,645.34	13,815.62
Other Transportation Expenses	197,814.31	208,687.73
Total Conducting Transportation	\$ 8,887,682.62	\$ 8,623,510.93
Traffic	\$ 36,348.27	\$ 25,275.24
General and Miscellaneous:		
Salaries and Expenses of General Officers.....	\$ 87,464.91	\$ 86,798.53
Salaries and Expenses of General Office Clerks	421,519.61	404,450.61
General Office Supplies and Expenses	82,430.29	80,502.75
Law Expenses	48,965.98	33,994.73
Relief Expenses	—	30.00
Pensions and Gratuities.....	225,901.14	242,004.34
Miscellaneous General Expenses	95,772.22	97,604.26
Injuries and Damages	941,123.26	1,120,808.69
Insurance	126,876.84	145,000.03
Stationery and Printing	77,066.69	70,497.37
Store Expenses	231,763.96	218,602.23
Garage Expenses (Excl. Bus Garages)	100,330.13	97,852.43
Rent of Equipment	13,875.62	13,821.74
Total General and Miscellaneous	\$ 2,453,090.65	\$ 2,611,967.71
Transportation for Investment	\$ 23,341.98†	\$ 9,632.93†
Total Operating Expenses	<u>\$19,387,362.15</u>	<u>\$19,285,456.91</u>

† Credit

ROAD AND EQUIPMENT INVESTMENT

Way and Structures:	Total Dec. 31, 1941	Total Dec. 31, 1940
Engineering and Superintendence	\$ 1,722,072.11	\$ 1,722,072.11
Right of Way	11,465,147.56	11,465,147.56
Other Land	5,797,576.21	5,781,262.03
Grading	300,783.22	314,392.48
Ballast	702,146.58	712,286.38
Ties	692,806.75	756,034.81
Rails, Rail Fastenings and Joints	1,397,860.04	1,599,481.52
Special Work	4,282,974.65	4,314,154.15
Track and Roadway Labor	3,815,151.22	3,969,291.91
Paving	1,200,129.84	1,296,893.88
Roadway Machinery and Tools	633,569.42	610,534.46
Tunnels and Subways	361,413.88	360,237.98
Elevated Structures and Foundations	5,549,015.53	5,549,015.53
Bridges, Trestles and Culverts	1,991,773.98	1,994,721.36
Crossings, Fences and Signs	85,720.95	85,720.95
Signals and Interlocking Apparatus	1,136,156.43	1,134,496.61
Telephone and Telegraph Lines	101,907.36	102,935.36
Poles and Fixtures	714,202.14	689,210.78
Underground Conduits	1,921,220.59	1,931,026.80
Distribution System	3,827,221.70	3,795,778.15
Shops, Car Houses and Garages	8,438,583.81	8,182,515.19
Stations, Misc. Buildings and Structures	4,578,414.66	4,562,061.37
Wharves and Docks	232,301.20	232,301.20
Total Way and Structures	\$ 60,948,149.83	\$ 61,161,572.57
Equipment:		
Pass. Cars, Buses and Trackless Trolleys	\$ 21,398,974.51	\$ 20,455,659.06
Service Equipment	961,812.11	999,555.00
Electric Equip. of Cars and Trackless Trolleys	7,279,521.27	7,119,434.72
Shop Equipment	945,090.70	957,142.42
Furniture, Fare Boxes and Passimeters	285,475.75	281,631.68
Miscellaneous Equipment	1,038,767.15	933,548.34
Total Equipment	\$ 31,909,641.49	\$ 30,746,971.22
Power:		
Power Plant Buildings	\$ 3,600,974.77	\$ 3,601,316.77
Sub Station Buildings	641,289.06	640,979.22
Power Plant Equipment	7,035,376.12	7,024,267.77
Sub Station Equipment	2,689,711.55	2,689,711.55
Transmission System	1,641,007.34	1,614,373.83
Total Power	\$ 15,608,358.84	\$ 15,570,649.14
General and Miscellaneous:		
Law Expenditures	\$ 250.00	\$ 250.00
Interest during Construction	1,832,301.09	1,832,301.09
Injuries and Damages	7,500.00	7,500.00
Taxes	145,866.54	145,866.54
Miscellaneous	13,184.46*	13,184.46*
Total General and Miscellaneous	\$ 1,972,733.17	\$ 1,972,733.17
Unfinished Construction	\$ 36,542.64	\$ 146,878.90
Total Road and Equipment Investment	\$110,475,425.97	\$109,598,805.00

* Credit.

INVESTMENT IN ROAD OWNED AND LEASED

DECEMBER 31, 1941

Boston Elevated Railway Company:

Road and Equipment	\$110,475,425.97
Miscellaneous Physical Property	688,978.14
West Roxbury Lines (E. Mass. St. Ry. Co.).....	232,455.28
Total Boston Elevated Railway Company Investment	\$111,396,859.39

Leased Lines:

Hyde Park Transportation District (City of Boston)	\$245,931.51
Eastern Mass. St. Ry. Co. (Part Leased)	
West Roxbury Lines	\$672,847.44
Middlesex Fells Line	29,546.01
Total Eastern Mass. St. Ry. Co.....	702,393.45
Total Leased Lines	948,324.96

City of Boston Investment:

Boylston Subway	\$11,534,056.91
Cambridge Connection	1,705,621.69
Dorchester Tunnel	12,272,570.97
Dorchester Rapid Transit Extension	11,077,762.51
East Boston Tunnel	7,307,515.26
East Boston Tunnel Extension	2,351,542.99
Huntington Avenue Subway	2,002,215.25
Tremont Subway	4,675,090.45
Washington Tunnel	7,977,815.89
Total City of Boston Investment	60,904,191.92

Comm. of Massachusetts Investment—

Cambridge Subway	\$8,226,759.52
Total Commonwealth of Massachusetts Investment	8,226,759.52

Total Investment in Road Owned and Leased.....	\$181,476,135.79
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RECEIPTS AND COST OF SERVICE
FOR YEARS ENDED DEC. 31

Receipts	1941	1940
Revenue from Transportation	\$27,036,883.68	\$25,827,600.79
Revenue from Other Operations	546,330.12	595,360.66
Non-Operating Income	10,301.01	20,336.50
Total Receipts	\$27,593,514.81	\$26,443,297.95
 Cost of Service		
Operating Expenses:		
Wages	\$13,250,629.29	\$12,946,200.09
Material and Other Items	2,219,886.21	2,355,747.50
Injuries and Damages	765,970.86	949,991.28
Depreciation	2,174,356.45	2,157,709.68
Fuel	976,519.34	875,808.36
Total Operating Expenses	\$19,387,362.15	\$19,285,456.91
Interest on Bonds	3,942,068.35	3,952,485.02
Subway and Rapid Transit Line Rental	2,829,413.73	2,828,570.46
Taxes	1,704,286.19	1,657,498.21
Dividends (required by law)	1,193,970.00	1,193,970.00
Rent of Leased Roads	45,808.07	45,607.07
Miscellaneous Items	84,363.28	81,384.99
Total Cost of Service	\$29,187,271.77	\$29,044,972.66
 Loss for Year	 <u>\$ 1,593,756.96</u>	 <u>\$ 2,601,674.71</u>

NOTE: Profit and Loss items not included in above.

COMPARATIVE STATISTICS

	Years Ended December 31	
Passenger and Traffic Statistics:	1941	1940
Cost of Service Per Revenue Passenger.....	9.51c	9.86c
Total Receipts Per Revenue Passenger.....	8.99c	8.98c
Loss Per Revenue Passenger	0.52c	0.88c
Passenger Revenue	\$27,036,883.68	\$25,827,600.79
Round Trips Operated	5,930,857	5,940,473
Average Fare per Fare Passenger	8.80c	8.76c
% of 5c Fares to Total Rev. Passengers.....	23.99%	24.71%
Revenue Passengers Per Mile Operated.....	6.71	6.48
Revenue Passengers:		
10c Fares	232,268,531	220,753,483
5c Fares	67,471,051	66,437,046
6½c Joint Fares	118,522	100,209
5c Pupils' Tickets	6,136,961	6,325,943
Special Car and Special Bus	820,460	833,947
Total Revenue Passengers	306,815,525	294,450,628
Revenue Miles:		
Surface Lines	20,503,698	20,541,941
Bus Lines	11,604,593	11,626,715
Trackless Trolley Lines	2,320,742	2,203,504
Rapid Transit Lines	11,274,564	11,060,841
Total Revenue Miles	45,703,597	45,433,001
Revenue Hours:		
Surface Lines	2,211,622	2,236,464
Bus Lines	1,302,449	1,308,973
Trackless Trolley Lines	251,860	239,780
Rapid Transit Lines	750,927	735,848
Total Revenue Hours	4,516,858	4,521,065
Power Statistics:		
Tons of coal burned	123,659	121,214
Pounds of coal per D. C. kilowatt hour	1.383	1.323
Average price of coal per long ton (at boilers)	\$5.55	\$5.23
Net cost of power for car service per kilowatt hour (cents)	0.833	0.756
Net cost of power per total car mile (cents)....	4.461	4.199
Direct current annual output (kilowatt hours)	200,274,930	205,127,940

BASIC DATA FOR PERIOD OF PUBLIC CONTROL—CALENDAR YEARS

Year Ended Dec. 31	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges	Misc. Deductions	Net Result of Operations	Average Oper. Receipts Per Rev. Pass. (Cents)	Exp. Charges Per Rev. Pass. (Cents)	Fixed Charges Per Rev. Pass. (Cents)	Average Fare Per Rev. Pass. (Cents)
1919	324,758,685	53,721,249	\$29,498,582.82	\$23,700,339.41	\$7,873,683.38	\$306,659.91	\$2,382,099.88*	9.08c	7.30c	2.42c	8.86c
1920	335,526,561	51,359,855	34,031,636.44	25,769,122.11	8,342,668.69	267,012.88	347,167.24*	10.14	7.68	2.48	9.87
1921	337,252,080	49,804,625	33,277,025.53	22,843,056.99	9,006,357.65	256,166.02	1,171,444.87	9.87	6.77	2.67	9.56
1922	356,593,942	50,707,740	32,699,176.37	22,088,458.75	9,073,591.28	124,937.26	1,412,189.08	9.17	6.19	2.54	8.93
1923	382,149,697	54,156,064	34,096,813.26	24,130,253.41	9,189,868.68	97,059.61	679,631.56	8.92	6.31	2.40	8.71
1924	382,888,848	56,091,347	34,175,319.61	25,222,133.56	9,355,944.91	233,937.54	636,696.40*	8.93	6.59	2.44	8.73
1925	365,036,286	55,558,126	34,547,379.61	24,405,735.57	9,462,371.51	177,078.68	502,193.85	9.46	6.69	2.59	9.25
1926	371,218,401	57,943,381	35,481,313.38	26,076,268.11	9,713,154.75	174,639.64	482,749.12*	9.56	7.02	2.61	9.26
1927	366,938,908	56,834,029	35,193,410.03	25,132,332.81	9,705,521.39	132,740.34	222,815.49	9.59	6.85	2.64	9.26
1928	362,005,033	57,481,292	34,843,147.51	24,900,188.69	9,719,134.04	183,773.76	40,051.02	9.63	6.88	2.68	9.28
1929	354,214,990	56,684,985	34,096,623.03	24,024,747.23	9,871,709.99	106,093.17	94,072.64	9.63	6.78	2.78	9.28
1930	342,694,905	56,061,843	32,510,721.17	23,527,974.68	10,048,505.49	68,879.81	1,134,638.81*	9.49	6.87	2.93	9.16
1931	324,788,577	53,553,889	29,855,107.30	22,250,748.25	9,428,547.27	80,757.13	1,904,945.35*	9.19	6.85	2.90	8.87
1932	291,753,825	51,195,761	26,428,493.63	19,542,428.16	9,322,878.62	132,632.30	2,569,445.45*	9.06	6.70	3.19	8.79
1933	267,845,429	46,141,119	24,154,373.09	16,829,647.05	9,461,842.77	110,813.53	2,247,930.26*	9.02	6.28	3.53	8.76
1934	277,034,175	45,822,648	24,818,625.48	16,895,090.49	9,310,234.87	77,789.87	1,464,489.75*	8.96	6.10	3.36	8.72
1935	280,402,526	46,033,344	24,926,426.46	17,665,412.59	9,387,071.91	103,193.19	2,229,251.23*	8.89	6.30	3.35	8.67
1936	296,180,666	46,492,077	26,096,155.47	18,410,341.99	9,488,166.08	95,116.41	1,897,469.01*	8.81	6.22	3.20	8.59
1937	296,397,493	46,796,328	25,939,777.15	18,710,803.85	9,670,191.13	84,806.36	2,526,024.19*	8.75	6.31	3.26	8.54
1938	291,175,017	45,799,029	25,383,333.23	18,799,286.39	9,641,109.24	83,623.54	3,140,685.94*	8.72	6.46	3.31	8.49
1939	295,123,077	45,555,636	25,710,948.40	18,716,005.94	9,649,979.64	89,252.96	2,744,290.14*	8.71	6.34	3.27	8.50
1940	294,450,628	45,433,001	26,443,297.95	19,285,456.91	9,678,130.76	81,384.99	2,601,674.71*	8.98	6.55	3.29	8.76
1941	306,815,525	45,703,597	27,593,514.81	19,387,362.15	9,715,546.34	84,363.28	1,593,756.96*	8.99	6.32	3.17	8.80

* Denotes excess cost of service over receipts.

Excluding Special Car and Special Bus service.

BASIC DATA FOR PERIOD OF PUBLIC CONTROL—TRUSTEE YEARS

Year Ended	Revenue Passengers	Revenue Miles	Receipts	Operating Expenses	Fixed Charges	Miscellaneous Deductions	Result of Operations (*For Losses)	Net Adj. Result of Operations Incl. Profit and Loss Items (*For Losses Assessed)
June 30, 1919	331,348.124	53,569,606	\$25,225,575.63	\$22,362,171.97	\$7,560,212.67	\$716,611.21	\$5,413,420.22*	\$5,415,500.13\$
June 30, 1920	324,192.374	51,865,314	32,671,515.53	24,348,226.45	8,029,594.14	311,304.81	17,609.87*	17,079.95
June 30, 1921	337,381,994	51,048,015	34,200,286.06	25,102,902.39	8,744,033.15	245,304.75	108,045.77	550,253.52
June 30, 1922	345,545,009	49,774,298	32,698,965.01	22,113,783.76	9,086,894.45	195,603.45	1,302,683.35	1,385,211.44
June 30, 1923	373,689,603	52,085,801	33,612,335.20	22,906,489.22	9,183,967.83	93,088.85	1,428,789.30	1,114,557.82
June 30, 1924	386,263,158	56,068,563	34,262,009.46	25,009,657.54	9,233,372.93	163,181.43	144,202.44*	0.00
June 30, 1925	370,729,801	55,670,491	34,198,250.91	24,606,418.26	9,412,380.77	210,735.98	31,284.10*	20,581.33
June 30, 1926	368,932,079	56,552,827	35,087,845.89	25,306,433.69	9,622,903.89	168,562.92	10,054.61*	22,304.46
June 30, 1927	371,893,575	57,970,731	35,618,066.06	25,834,925.57	9,720,918.98	138,818.02	76,599.51*	60,660.25
June 30, 1928	363,576,565	57,188,342	35,009,933.28	24,937,185.81	9,674,559.56	169,170.88	229,017.03	895,518.01
June 30, 1929	356,507,228	57,253,904	34,312,806.18	24,473,329.19	9,857,650.77	161,979.55	180,153.33*	0.00
June 30, 1930	349,441,431	56,276,807	33,597,154.90	23,707,378.01	9,868,002.52	72,752.68	50,978.31*	0.00
June 30, 1931	336,693,586	55,015,807	31,202,319.98	22,992,883.56	10,106,115.81	69,009.97	1,965,689.36*	1,969,473.12†
June 30, 1932	310,919,428	52,806,825	28,376,280.28	21,386,862.60	9,001,671.68	108,548.38	2,120,802.38*	1,775,338.80*
June 30, 1933	272,448,444	47,887,434	24,632,326.42	17,671,635.53	9,536,605.55	144,336.60	2,720,251.26*	2,753,124.14*
June 30, 1934	275,723,393	46,015,449	24,753,158.12	16,896,758.04	9,369,839.17	76,121.66	1,589,560.75*	1,551,631.97*
Mar. 31, 1935‡	207,065,714	34,144,810	18,500,541.01	12,888,265.26	6,935,419.91	67,126.55	1,390,270.71*	1,396,388.83*
Mar. 31, 1936	282,989,838	46,233,477	25,086,709.97	17,854,394.81	9,387,995.81	102,450.51	2,258,131.16*	2,086,202.37*
Mar. 31, 1937	296,335,489	46,563,392	26,073,097.59	18,280,433.47	9,552,026.07	89,354.29	1,848,716.24*	1,799,357.27*
Mar. 31, 1938	294,812,459	46,618,447	25,754,063.58	19,047,324.27	9,655,503.46	84,053.48	3,032,817.63*	1,674,823.31*
Mar. 31, 1939	292,388,134	45,472,768	25,466,415.26	18,605,453.29	9,653,453.71	90,045.33	2,882,537.07*	2,842,831.73*
Mar. 31, 1940	295,818,434	45,706,530	25,977,874.92	19,022,725.09	9,647,452.66	82,639.20	2,774,942.03*	2,724,679.87*
Mar. 31, 1941	293,656,470	45,216,666	26,406,308.26	19,073,186.63	9,686,753.22	80,384.18	2,434,015.80*	2,341,167.29*
Dec. 31, 1941‡	227,857,761	34,230,940	20,530,923.95	14,596,116.77	7,285,730.36	64,504.64	1,415,427.82*	1,311,406.44*

†This deficit for year ended June 30, 1931 (\$1,969,473.12) was not assessed upon the cities and towns in the District — Sec. 22, Chap. 333, Acts 1931.

‡Of this loss \$3,980,151.67 was assessed and was repaid by the Railway between 1922 and 1931.

§9 Months Period.

CAPITAL OUTSTANDING, DECEMBER 31, 1941

Outstanding Common Stock

No. Shares Outstanding	Par Value Shares Outstanding	Net Premium	Amount Realized	5% Yearly Dividend	Dividends Payable
5,000	\$500,000.00	—	\$500,000.00		
95,000	9,500,000.00	—	9,500,000.00		
33,000	3,300,000.00	\$1,815,000.00	5,115,000.00		
66,500	6,650,000.00	695,958.13	7,345,958.13		
39,294	3,929,400.00	196,470.00	4,125,870.00		
238,794	\$23,879,400.00	\$2,707,428.13	\$26,586,828.13	\$1,193,970.00	{ Jan. 1 Apr. 1 July 1 Oct. 1

Outstanding Funded Debt

Par Value	Rate	Maturity	Amount Realized	Yearly Interest	Co.
\$ 8,286,000.00	5 %	Dec. 1, 1942	\$ 7,869,934.74	\$ 414,300.00	B. E.
2,600,000.00	5 %	Mar. 1, 1944	2,712,832.07	130,000.00	W. E.
570,000.00	7 %	Sept. 1, 1947	570,399.00	39,900.00	W. E.
\$ 1,581,000.00	4½ %	Aug. 1, 1949	1,503,309.66	71,145.00	B. E.
\$ 6,309,000.00	5 %	Jan. 1, 1960	6,169,571.10	315,450.00	B. E.
\$ 8,500,000.00	5 %	Mar. 1, 1960	8,569,615.00	425,000.00	B. E.
\$ 7,711,000.00	4½ %	Dec. 15, 1960	7,524,779.35	346,995.00	B. E.
\$ 3,815,000.00	4½ %	June 1, 1961	3,778,757.50	171,675.00	B. E.
\$ 2,098,000.00	4¼ %	Jan. 1, 1962	2,084,404.96	89,165.00	B. E.
\$ 4,800,000.00	4¾ %	Oct. 1, 1962	4,699,579.20	228,000.00	B. E.
\$ 5,000,000.00	3¼ %	Nov. 1, 1966	4,875,500.00	162,500.00	B. E.
\$ 1,500,000.00	6 %	* * *	1,500,000.00	90,000.00	B. E.
\$23,430,917.00	6 %	* * *	23,430,917.00	1,405,855.02	B. E.
\$76,200,917.00			\$75,289,599.58	\$3,889,985.02	

§Held by Boston Metropolitan District. (Total \$64,744,917.00 — 85% of total bonds outstanding.)

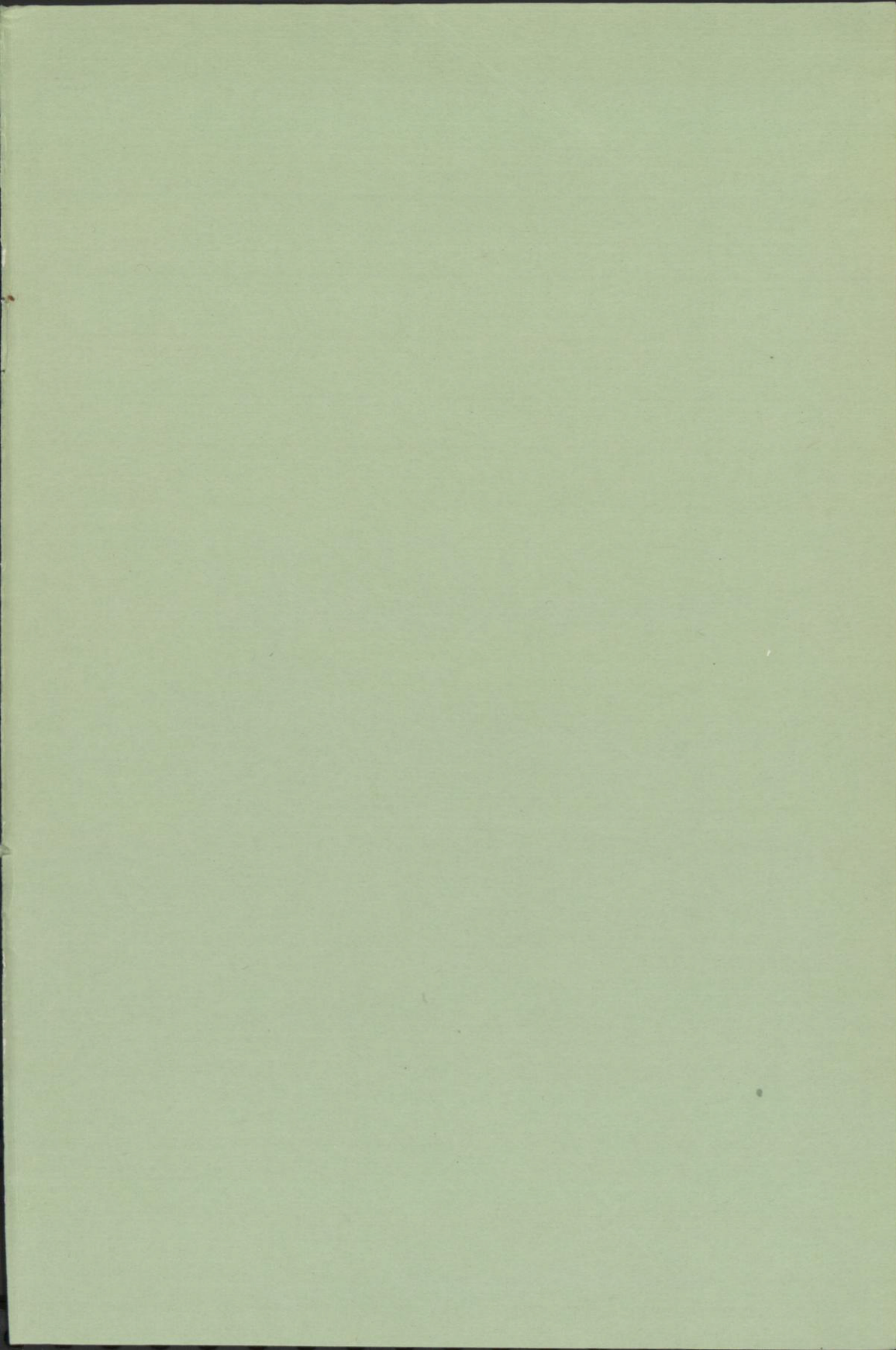
REVENUE EQUIPMENT ACQUIRED AND RETIRED

1918-1941

Surface Cars	Owned 1918	Acquired 1918-1941	Retired 1918-1941	On Hand Dec. 31, 1941
Semi-Convertible Cars:				
Types No. 1 to No. 4	453	.....	187	266
Type No. 5 .....	.....	471	.....	471
Type "4000" .....	.....	64	11	53
Center Entrance Cars	100	305	174	231
Trailer Cars	174	50	212	12
P.C.C. Car .....	.....	21	.....	21
Birney Type Cars	1	80	81	.....
Articulated Cars	177	.....	177	.....
Box Cars	1,113	.....	1,113	.....
Open Cars	1,354	.....	1,354	.....
Total Surface Cars	3,372	991	3,309	1,054
Rapid Transit Cars				
Elevated Cars, Wood and Steel	169	.....	169	.....
Elevated Cars, Steel	162	163	46	279
Camb.-Dorch. Tunnel Cars, Steel	60	95	.....	155
East Boston Tunnel Cars, Steel .....	.....	48	.....	48
Total Rapid Transit Cars	391	306	215	482
Buses				
Mechanical Drive .....	.....	881	348	533
Diesel—Electric Drive .....	.....	24	.....	24
Diesel—Hydraulic Drive .....	.....	2	.....	2
Gas-Electric Drive .....	.....	46	46	.....
Total Buses		953	394	559
Trackless Trolleys		132		132
Totals	3,763	2,382	3,918	2,227

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